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25 January 1955

MEMORANDUM FOR THE DIRECTOR OF CENTRAL INTELLIGENCE

SUBJECT: Present Validity of NIE 24-54\*

1. Since the publication of NIE 24-54, "Probable Developments in Italy" (16 November 1954), there does not appear to have been any development in Italy which would require any significant modifications of the essential conclusions or main thrust of that estimate. Detailed comments follow. References are to paragraphs of NIE 24-54.

2. There are no indications that the basic Communist danger has diminished. Although there have been reports of dissension within the Italian Communist Party, the seriousness of this alleged challenge to Togliatti's leadership probably has been exaggerated, particularly by the press.

3. It still appears that the Scelba government will survive until the Presidential election in mid-1955. However, the thin parliamentary majority by which Scelba remains in power makes him vulnerable to conflicts within either the four-party coalition or the Christian Democratic Party. Yet there do not appear to be any signs that Fanfani plans to use his power within the CD organization to attempt to upset Scelba in the immediate future.

4. Although the "Legge Delega", or bureaucracy reform bill, has been passed by the Italian Parliament since NIE 24-54 was written, the limited progress of the government in coping with other basic social and economic problems seems to justify the conclusion of NIE 24-54 that "...the obstacles to the actual implementation of far-reaching reforms are great..." (para. 4)

5. Analytical work is still going forward on the Varoni plan (the 10 year economic expansion program, referred to in para. 37, which is designed to alleviate unemployment by creating four million jobs over that period). Apparently this plan is still in the blue-

\* The substance of this memorandum has been coordinated at the working level with O/GI.

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print stage although it has recently been submitted to the CEEG for consideration. At this time it is probably too early to tell whether the plan eventually will be implemented and, if so, how effective it will be in meeting Italy's pressing social and economic problems.

6. As para. 20 points out, "...Political intelligence is scanty concerning southern Italy". Should the US decide to assist Italy in carrying out the "Vanoni Plan", or any similar program which may be directed primarily toward the South, it therefore would appear important to develop on an urgent basis considerably more political intelligence regarding southern Italy than now seems to be available to the intelligence community.

7. Western European Union was overwhelmingly passed by the Italian Chamber of Deputies and we continue to believe that "Italy almost certainly will remain attached to NATO and Western European Union". (para. 49)

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